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# FAMILY ECONOMICS REVIEW

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Consumer and Food Economics Institute  
Agricultural Research Service  
U.S. DEPARTMENT OF AGRICULTURE

FAMILY ECONOMICS REVIEW is a quarterly report on research of the Consumer and Food Economics Institute and on information from other sources relating to economic aspects of family living. It is prepared primarily for home economics agents and home economics specialists of the Cooperative Extension Service.

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## OUR NEW LOOK

With this issue, FAMILY ECONOMICS REVIEW goes to an easy-to-read, two-column format. Our printing schedule has changed too, so that we may take advantage of more efficient printing procedures. Issues will be dated "Winter," "Spring," "Summer," and "Fall" with approximate off-press dates of early February, May, August, and November. We will continue to use the most recent information available at press time. This, of course, will mean a few changes. For example, quarterly dates for the Cost of Food at Home will be October, January, April, and July; regional costs, which will be given for January, will appear in the Spring issue. Condensations

of talks given at the Annual Agricultural Outlook Conference also will appear in the Spring issue. The Fall issue will have the index of articles for the year.

We continue to look for new ways to make FAMILY ECONOMICS REVIEW more useful to the leaders, teachers, and professional workers who receive it. For example, a major concern of many families today is rising prices—what kind of information could we provide that would make it easier for you to help families and individuals cope with these problems? We are always happy to hear from our readers with suggestions and ideas.

## NATIONAL ISSUES IN WELFARE REFORM<sup>1</sup>

by Alair A. Townsend

### Status of Welfare Reform

Despite the absence of any mention of welfare reform in the President's Budget and the probability of little substantive change in welfare in the next 2 years, I believe that welfare reform is inevitable in the not-too-distant future. I would even argue that the hiatus gives us a welcome opportunity to grapple with the seemingly insoluble problems in reform that were raised in the debate over the President's Family Assistance Plan (known as FAP).

Since 1969, when FAP was first unveiled, steady progress has been made in defining more clearly the issues involved and in collecting more of the necessary facts. In those early days, the chief target of reform was the Aid to Families with Dependent Children Program, known as AFDC. This program was shown to be inequitable to male-headed families, to set up perverse incentives for family splitting, to offer less than adequate incentives to work, and to pay far too little in benefits to female-headed families in some States.

While this type of critique is still valid in general, the major lesson of the Family Assistance Plan debate was that the focus on AFDC alone is too narrow because of the

growth of other public welfare programs that often worsen, but sometimes reduce, the problems in AFDC. The deliberations over the Family Assistance Plan highlighted the necessity of analyzing welfare reform plans in the context of *all* existing programs—all need-based programs offering cash, food, health, day care, and housing benefits; and those offering social insurance—rather than just in the context of the existing public assistance programs like AFDC. There are several reasons for this which I will discuss using FAP as a case study.

### Adequacy of Benefits

In order to analyze the adequacy of FAP benefit levels, one has to know what other benefits and private income are available to potential FAP recipients and how they are distributed currently. Knowing this allows one to judge more realistically the adequacy of the *combined* benefit and income levels that would

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<sup>1</sup> Condensed version of a paper given at the Agricultural Outlook Conference. The complete paper may be ordered from the address on p. 2. Alair A. Townsend is technical director, Subcommittee on Fiscal Policy, Joint Economic Committee. The views expressed are those of the author and do not reflect those of the subcommittee or its staff.



result. For example, the AFDC or the FAP basic cash benefit level may appear to be cruelly low, but this is offset by the benefits that usually are attached to AFDC—free medical care, free school lunches for the children, eligibility for food stamps or surplus food commodities, and free day care.

Depending on the State, a family of four with no other income can receive a package of benefits that would require the equivalent of over \$6,500 in gross earnings to purchase. Of course, AFDC families in many areas receive nowhere near this amount, but no one has been very certain who receives what, because benefits in the form of food, health, and housing are rarely included in official census-style surveys, and measurements of the extent of poverty do not count the value of such benefits in summing the incomes of the poor.

The Subcommittee on Fiscal Policy's study of public welfare has attempted to gather information on the distribution of these benefits to fill the void. What we have found indicates that a package of several benefits is received by large enough numbers of people to warrant further investigation and concern over the equity of these packages and the impact on work incentives of the higher value packages. For example, we estimate that 9 to 12 percent of AFDC families receive AFDC, medicaid, food stamps or surplus commodities, and live in public housing.<sup>2</sup> This population—roughly 300,000 families—faces much higher work disincentives and has higher levels of benefits than one would guess by looking only at the AFDC level. Twenty-eight percent of old-age-assistance recipients receive food stamps, and an additional 18 percent receive food commodities. Forty percent of civil service retirees also receive a social security check. Six percent of old-age-assistance recipients also receive medicaid, medicare, and public housing benefits. In March 1973, the Subcommittee published the results of a major field study on the distribution of public

welfare benefits that will add to our knowledge of combined benefits.<sup>3</sup>

### Work Incentives

The level of combined cash, food, housing, health, and other benefits is only one factor in determining the work incentive aspect of such plans. Equally important is the way in which benefits are tailored to income.

Many programs today are related to income, and benefits are reduced as income rises. Some of these benefit reduction or loss rates are high, and some are low. Unemployment insurance typically has a 100-percent benefit loss rate—that is, a dollar earned is a dollar of unemployment compensation lost. AFDC benefits are reduced by 67 cents for each dollar of net earnings. As your income rises by \$1, you must pay about 30 cents more for the same amount of food stamps and about 25 cents more in public housing rent. If your income rises above a certain level, you may lose eligibility for medicaid completely. The cost of day care may increase if the center bases its fee schedule on family income. The recently enacted higher education law provides scholarships based on family income, and the higher the family's income, the lower the aid.

The number of programs based on need seems to be rapidly increasing, and with it the probability that low- or even middle-income families will participate in one or more of them. The result is that each program takes its share of increased income, sometimes adding up to more than a dollar-for-dollar reduction in benefits as income rises. An aged couple, for example, receiving a veteran's pension and a social security check for \$140 per month, achieves only a \$75 per month rise in spendable income if one of them earns \$300 per month from a part-time job. In New Jersey, an unemployed man with a wife and two children receiving public assistance and food stamps would add only \$110 to his net monthly income if he took a full-time job that pays \$500 a month. In addition, he would lose

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<sup>2</sup> Studies in Public Welfare, Paper No. 1, "Public Income Transfer Programs: The Incidence of Multiple Benefits and the Issues Raised by Their Receipt," prepared by James R. Storey for the Subcommittee on Fiscal Policy. April 10, 1972.

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<sup>3</sup> Studies in Public Welfare, Paper No. 6, "How Public Welfare Benefits are Distributed in Low-Income Areas," prepared by James R. Storey, Alair A. Townsend, and Irene Cox for the Subcommittee on Fiscal Policy, March 26, 1973.

eligibility for medicaid, which pays an average of \$52 a month for the medical bills of an AFDC family in this State.

New proposals could further complicate this problem if simply added to existing programs. The Family Assistance Plan got bogged down when it was discovered that, if added on top of these other benefits, it would both raise the guarantee level for persons receiving various combinations of programs and, more importantly would also raise to extraordinarily high levels the combined rate of benefit loss for earnings. The work incentives that were carefully built into FAP could be undermined by other programs.

### Equity of Benefits

The distribution of existing benefits, especially those tied to eligibility for AFDC, seems to meet few of the criteria for equity. In singling out the unemployables in most of the cash assistance programs, for example, we have often reversed the income position of persons who work and those who do not. It is well known by now that in a State with liberal welfare benefits, a female-headed family on AFDC can receive a higher cash income than a family headed by a man or woman working for low wages, and the inequity is compounded when food, health, and other benefits are tied to AFDC. The Family Assistance Plan promised to reduce the difference in the cash benefits available to male- rather than to female-headed families. "But," critics countered, "so long as FAP benefits are lower than the AFDC benefits provided by some States, and so long as eligibility for other benefits such as medicaid is tied to AFDC, then inequities can be reduced but not eliminated."

This criticism was valid, but it was not generally appreciated how much male-headed families were already receiving in benefits to supplement low income. Thus, the erroneous impression was given that male-headed families would be eligible for welfare for the first time under FAP.

In fact, many States and localities currently supplement the earnings of working fathers under their own general assistance or home relief programs. These working men can participate in the food stamp or surplus commodities programs in almost every place in

the country. They are eligible for public housing and other subsidized housing programs on a space available basis, and they may be eligible for free medical care under medicaid in some States. If they are employable but unemployed—whether fully or partially—many will be eligible for unemployment insurance or for the unemployed-father portion of AFDC that 23 States currently operate. However, the extent to which these programs help to reduce the inequities created by AFDC, both currently and under FAP, was unknown because little data existed on who was benefiting from these programs.

### Administration and Program Planning

The FAP debate focused attention on the problem of administering this complex set of programs. Very few seem to be models of efficiency, and the rapid expansion of programs such as AFDC and food stamps may have outpaced the ability of administrators to handle them within existing organizational structures. The complex, ever-changing rules and eligibility requirements create such administrative confusion that rather large numbers of ineligible persons receive benefits and some eligible people are rejected. While each program has its own problems, administration of multiple programs at the local level generally is uncoordinated. The rate of error in public assistance transactions has been estimated to be as high as 30 percent *without fraud*. A single family may be affected by several programs, none of which share information or administrative burdens. The result seems to be hopeless inefficiency and confusion. Rather than cutting and paring, it appeared to many that FAP was only adding another layer. They wondered: "Can't we develop a plan that can consolidate and substitute for some of those that currently exist?"

Since there has been relatively little attention paid to problems of program coordination, program planning often takes place in a vacuum. The result is that intended changes in one program are often countered by features of an overlapping program. Every Congressional office is aware of the fact that when social security benefits were increased recently, some persons got nothing, and some



actually lost income. About 4 million low-income persons over age 65 receive either old age assistance (OAA) or a veteran's pension. An increase in social security may lead merely to a corresponding decrease in one or other of these income-tested programs and no change in total income. However, some people—whose social security increase is so large as to remove them completely from OAA—will generally lose real income. As long as they get a dollar of OAA, they are eligible for medicaid and probably food stamps, and special local benefits such as property tax credits or free garbage collection. When they go off OAA, they can lose eligibility for these and other benefits.

Despite these complex interactions among our growing body of programs designed to affect standards of living, neither the structure of Congress nor that of the Executive agencies is geared toward their analysis. Considerable analytic work is done by Congressional committees, agencies, and nongovernmental researchers preceding major legislative changes. Generally, such analysis focuses exclusively on one program at a time—the one under consideration. Rarely is the set of programs reviewed in its entirety.

The Congress and the Executive agencies are organized in programmatic terms—and thus wear blinders imposed by jurisdictional

boundaries. For example, if we look at only the 21 major income maintenance programs with some Federal involvement, we find that they fall under the jurisdiction of 10 House and 9 Senate committees, and that they are administered by 11 Federal agencies. No one committee has the responsibility for viewing them all together. Each passes legislation directly affecting only a few programs with different eligibility requirements, different benefit levels, different treatment of income, and so forth—all this despite the fact that the programs reach many of the same people.

It is this proliferation and fragmentation of programs whose benefits seem arbitrarily distributed that have created the most serious technical and policy problems that remain before many members of Congress can accept a cash income supplement program: namely, how to integrate and coordinate this multitude of programs. Indeed, this is the rationale for the Subcommittee's special welfare study. The problem at bottom is to focus on what the Federal Government properly should provide its citizens by way of basic living levels, to assure that this is done in as equitable and in as streamlined a fashion as is possible, and finally, to assure that the resulting package is consistently structured so as to encourage and reward the maximum work efforts of its recipients.

## FLAMMABILITY STANDARD PROPOSED FOR CHILDREN'S SLEEPWEAR, SIZES 7 THROUGH 14

A *proposed* standard for flammability of children's sleepwear, sizes 7 through 14, was issued by the U.S. Department of Commerce in March 1973 for comment by the public and industry. The proposed standard includes nightgowns, pajamas, robes, and other sleepwear, as well as fabrics intended for use in such garments. It is essentially the same as the standard for sizes 0 through 6X (see FAMILY ECONOMICS REVIEW, December 1972), with certain modifications in testing procedures and equipment that recognize the ability of older

children to take some self-protective measures.

The new proposed standard specifies that fabrics are to be tested by brief exposure to a standard flame. Testing is to be carried out on new items and on items washed and dried 50 times. The proposed standard further specifies that all items of children's sleepwear are to be permanently labeled with instructions to avoid treatments (such as chlorine in laundering) that are known to cause significant deterioration of their flame resistance.



# NUTRITION LABELING FOR THE CONSUMER

by Betty Peterkin

Soon, nutritive values will appear on labels of many foods in supermarkets across the country. A Food and Drug Administration (FDA) program has set the rules on what nutritive values shall be shown, and how they shall be presented.<sup>1</sup> The questions and answers below highlight some points about the program that may be useful to leaders in helping the consumer to understand and use this information.

<sup>1</sup> "Food Labeling" FEDERAL REGISTER, vol. 38, No. 49, part II, March 14, 1973. These regulations are somewhat changed from those proposed in February 1972 and discussed in the September 1972 issue of FAMILY ECONOMICS REVIEW.

## What Foods Will Be Labeled?

Any food may have nutritive values on its label, but certain foods—those with added vitamins or minerals and foods claimed to have special nutritional qualities—*must* be labeled.

## What Will a Nutrition Label Show?

Some information is required; some is optional (see sample label, p. 7). *Required information* includes the serving size, the number of servings in the can or package, the calories in a serving, and the protein, carbohydrate, and fat in a serving. Also required is the amount of protein, two

Sample Label

NUTRITION INFORMATION	
(Per Serving)	
Serving size = 8 oz	
Servings per container = 2	
Calories .....	560
Protein .....	23 g
Carbohydrate .....	43 g
Fat .....	33 g
(Percent of Calories from fat = 53%)	
Polyunsaturated* .....	22 g
Saturated .....	9 g
Cholesterol *(18 mg/100 g) .....	40 mg
Sodium (365 mg/100 g) .....	810 mg
Percentage of U. S. Recommended Daily Allowance (U. S. RDA)	
Protein .....	35
Vitamin A .....	35
Vitamin C .....	10
Thiamin .....	15
Riboflavin .....	15
Niacin .....	25
Calcium .....	2
Iron .....	25
Vitamin B <sub>6</sub> .....	22
Vitamin B <sub>12</sub> .....	15
* Information on fat and cholesterol content is provided for individuals who, on the advice of a physician, are modifying their total dietary intake of fat and cholesterol.	

Note: Values for nutrients listed in bold face are required.

minerals, and five vitamins in a serving expressed as a percentage of the "U.S. Recommended Daily Allowance" (U.S. RDA). *Optional information* includes percentages of the U.S. RDA for 12 additional vitamins and minerals, and the amount of cholesterol, saturated and polyunsaturated fatty acids, and sodium in a serving. If a vitamin or mineral is added, or if claims are made on the label or in advertising about the cholesterol, fatty acid, or sodium in a food, information about the amount present is required.

### **Are Nutritive Values Shown for a Food As-You-Buy-It or As-You-Eat-It?**

Values for food as it comes from the can or package must be shown. In addition, values may be shown for food prepared according to directions on the label. For example, a label for cake mix must show values for the dry mix and may, in addition, show values for cake prepared according to directions on the label. Values must be shown for a serving of dry ready-to-eat cereal but may, in addition, be shown for cereal with a given amount of milk.

### **What is the U.S. RDA?**

The U.S. RDA, or U.S. Recommended Daily Allowances, are amounts of protein, vitamins, and minerals recommended for a person to meet nutritional needs for a day. The U.S. RDA were derived by the Food and Drug Administration for use in nutrition labeling and certain other FDA regulations, from the Recommended Dietary Allowances (RDA) for 24 age categories of men, women, children, and infants. The Recommended Dietary Allowances are daily intakes judged by the Food and Nutrition Board of the National Academy of Sciences—National Research Council to be adequate for maintaining good nutrition in essentially all healthy persons of that sex and age under current living conditions in the United States. For most nutrients, the U.S. RDA is the highest RDA for any sex-age category. Therefore, a diet that meets the U.S. RDA will meet the RDA for most persons in a family or population.

For some people—young children or elderly women, for example—the U.S. RDA overstates considerably the amounts for several nutrients

recommended by the Food and Nutrition Board. Unless this is understood, the use of the U.S. RDA in meal planning may result in unnecessary diet modification and food expenditure, as well as unwarranted concern about shortages of nutrients. The relationship of the RDA to the U.S. RDA for persons of selected ages is shown in table 1.

### **How is the U.S. RDA Different From the MDR?**

The U.S. RDA will replace the MDR or Minimum Daily Requirement currently used on labels of some foods, such as ready-to-eat cereals. The higher levels of the U.S. RDA are believed to represent desirable nutrient intakes better than the outdated MDR. Until MDR's have been replaced by U.S. RDA's on all labels, this "double-standard" may be confusing to the consumer.

### **How Reliable is the Information on Labels?**

The FDA program is set up to provide reliable, but not precise information for the consumer. The FDA, using procedures laid out in the regulations, will check to see that values for calories, carbohydrate, and fat in foods are not understated and that those for protein, vitamins, and minerals are not overstated. Some understatement of the mineral content of foods may be expected by producers to insure compliance.

To make values easier to read and use, the protein, fat, and carbohydrate content is rounded to the nearest gram. Calorie content is given to the nearest 2-calorie increment up to 20 calories, to the nearest 5-calorie increment above 20 and up to 50 calories, and to the nearest 10-calorie increment above 50 calories. The percentages of U.S. RDA for protein, vitamins, and minerals are given in increments as follows:

2-percent increments up to the 10-percent level, 5-percent increments above the 10-percent and up to the 50-percent level, and 10-percent increments above the 50-percent level.

### **When Will New Labels Appear in Supermarkets?**

Some producers are expected to label foods according to the new regulations within the

Table 1.—The percent of the U. S. Recommended Daily Allowance (used in nutrition labeling) needed to meet the Recommended Dietary Allowance for individuals by age and sex

Item	Protein <sup>1</sup>	Vitamin A	Vitamin C (ascorbic acid)	B-vitamins			Calcium	Iron	Food energy
				Thiamin	Riboflavin	Niacin <sup>2</sup>			
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Calories
U. S. Recommended Daily Allowance	100	100	100	100	100	100	100	100	---
Recommended Dietary Allowance:									
Child									
4 years . . . . .	46	50	67	53	53	28	80	56	1,600
8 years . . . . .	62	70	67	73	71	38	100	56	2,200
14 years . . . . .	85	100	83	80	82	40	130	100	2,400
Girl									
14 years . . . . .	92	100	92	100	88	50	140	100	3,000
Boy									
14 years . . . . .	85	100	92	67	88	32	80	100	2,000
Woman									
25 years . . . . .	85	100	92	67	88	32	80	56	1,700
60 years . . . . .	100	100	100	93	100	45	80	56	2,800
Man									
25 years . . . . .	100	100	100	80	100	35	80	56	2,400
60 years . . . . .									

<sup>1</sup> U. S. RDA of 65 grams is used for this table. In labeling, a 45 gram U. S. RDA is used for foods with high-quality protein such as milk, meat, and eggs.

<sup>2</sup> U. S. RDA is for preformed niacin only; RDA are for niacin equivalent--preformed niacin plus niacin equivalent from dietary tryptophan. In this table, one-half of the RDA was assumed to be from preformed niacin as occurs in the average U. S. diet.

Sources: U. S. RDA, "Food Labeling," Federal Register, vol. 38, No. 49, part II, March 14, 1973 and Recommended Dietary Allowances, 7th ed. 1968, Publication 1694, National Academy of Sciences - National Research Council.



next few months. By December 1974, all labels that show nutritive values must follow the new label format.

### **How Can Consumers Use Nutrition Information on Labels?**

There are at least three ways:

**To become more aware of some of the nutrients required for growth and health:**—To learn that foods vary in the kinds and amounts of nutrients they contain and that a variety of foods is required to supply the amounts of these nutrients recommended daily.

**To compare nutritive values of different foods:**—Specifically, to compare amounts of calories, carbohydrate, and fat (and possibly fatty acids and cholesterol) in a serving of different foods; to learn which foods are worthwhile sources of protein, vitamins, and minerals; and to compare nutritive values of commercially prepared foods that they might replace in the diet. The calorie values and the percentage of the U.S. RDA for eight nutrients provided by a given serving of selected food and food groups is given in table 2. These may be helpful as a basis for learning what types of foods are worthwhile sources of certain nutrients and for making comparisons as nutrition labeling gets underway. The USDA will publish more detailed tables of this type at a later date.

The most meaningful comparisons for the food shopper will be those made among foods that might be substituted for each other in meals. For example, values for fresh whole milk might be compared with those for chocolate drink, cream cheese with American cheese, canned tuna with peanut butter, or orange juice with tomato juice. To compare values of a food of one type with those of another—milk with green vegetables, for example—is not helpful. Milk is counted on for certain nutrients in the diet, and green vegetables are counted on mainly for others.

Consumers may find it helpful to consider foods from each of four basic food groups in making comparisons. Each of the four groups of foods—milk and milk products; meats, poultry, fish, eggs, and dry legumes; vegetables and fruits; and breads and cereals—make special nutrient contributions to diets in the United States. For example, cheese and ice cream

provide substantial amounts of protein, riboflavin, and calcium (see table 3). Foods in the meat group are important for protein, the B-vitamins (thiamin, riboflavin, and niacin), and iron; vegetables and fruits for vitamins A and C; and grain products for several of the B-vitamins and iron. In addition, foods from these groups provide other nutrients and qualities, such as roughage, known to be important to health and well-being and for which label information is not required. The proportions of nutrients provided by food groups in one diet may differ somewhat from those in another, but it is difficult to select food that provides recommended amounts of nutrients without including some foods from each of these groups.

A food should be considered to be a superior source of a nutrient only if its label value is substantially higher than for other foods. FDA, for example, allows a producer to claim that his food is superior to another food if it contains at least 10 percent more of the U.S. RDA per serving for the nutrient.

**To plan food for a day that will provide recommended amounts of nutrients:**—The consumer will need certain information other than that on labels to do this admittedly difficult task efficiently. For example, a meal pattern or food guide for selecting a variety of foods that provides a foundation for a nutritionally good diet will help identify combinations of foods that are likely to meet nutritional goals. Lists of foods that are good sources of certain nutrients will show what foods might be added or substituted to improve selections.

Many foods that the consumer uses will not be labeled. Nutritive values of these foods, expressed as percentages of the U.S. RDA, will be required to supplement information on labels.

As nutrition labeling gets underway tools for helping consumers to total nutrients for a day's food and to evaluate these totals will probably become available.

### **Are Foods With Highest Nutritive Values on Labels the Best Selections?**

Not necessarily. Here are some examples of situations in which the food with the highest value may not be the best selection.



Table 2.—Food energy and percentage of U. S. RDA for 8 nutrients provided by a serving of selected foods<sup>1</sup>

Food <sup>2</sup>	Size of serving (ready-to-eat)	Food energy	Protein	Vitamin A	Vitamin C (ascorbic acid)	B-vitamins			Calcium	Iron
						Thiamin	Riboflavin	Niacin <sup>3</sup>		
		Calories	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Milk, whole fluid . . . . .	1 cup	160	20	6	4	4	25	---	30	---
Cheese, process Cheddar . .	1 ounce	110	15	6	0	---	8	---	20	---
Meat, poultry, fish (lean) . .	3 ounces	220	50	15	---	10	15	25	---	15
Eggs . . . . .	1 large	80	15	10	0	4	8	---	2	6
Dry Beans . . . . .	¼ cup	230	20	2	6	10	4	6	15	20
Peanut butter . . . . .	2 table- spoons	190	10	---	0	2	2	25	---	4
Bread, enriched . . . . .	2 slices	140	6	---	---	8	6	6	4	6
Cereal, ready-to-eat <sup>4</sup> . . . .	1 ounce	110	4	20	20	25	25	20	---	20
Citrus juice . . . . .	½ cup	60	---	6	100	8	---	2	---	---
Other fruit, fruit juice . . .	½ cup	60	---	6	15	2	2	2	---	4
Tomatoes, tomato juice . . .	½ cup	25	---	20	35	4	2	4	---	4
Dark-green and deep-yellow vegetables . . . . .	½ cup	45	4	140	40	6	6	4	6	6
Potatoes . . . . .	Medium	80	4	---	35	8	2	6	---	4
Other vegetables . . . . .	½ cup	45	4	8	20	4	4	2	2	4
Butter, margarine . . . . .	1 table- spoon	100	---	10	0	---	---	---	---	0
Sugar . . . . .	2 tea- spoons	25	---	0	0	0	0	0	0	---
Molasses . . . . .	2 table- spoons	100	---	---	---	2	2	2	15	25

<sup>1</sup> Percentages expressed in increments as required by regulation for nutrition labeling ("Food labeling," Federal Register, vol. 38, No. 49, part II, March 14, 1973): 2-percent increments up to and including 10-percent level; 5-percent increments above 10 percent and up to and including the 50-percent level, and 10-percent increments above the 50-percent level.

<sup>2</sup> "Nutritive Value of Foods," USDA, HG-72, was used as a basis for percentages for specific foods. Values for food groups are based on average selections of foods in the group by U. S. families.

<sup>3</sup> In addition, niacin equivalent from the amino acid, tryptophan, found principally in animal products, would contribute substantially toward meeting the body's need for this nutrient.

<sup>4</sup> Based on average of values on labels of 59 varieties of ready-to-eat cereals, February 1973.

Table 3.—Food energy and 8 nutrients provided in U. S. diets by the basic food groups<sup>1</sup>

Food group	Food energy (calories)	Protein	Vitamin A	Vitamin C (ascorbic acid)	B-vitamins			Calcium	Iron
					Thiamin	Riboflavin	Niacin		
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
All food . . . . .	100	100	100	100	100	100	100	100	100
Milk, cheese, ice cream . . . . .	13	20	12	5	10	38	2	61	1
Meat, poultry, fish, eggs, dry legumes . . . . .	27	52	24	1	29	30	44	7	42
Vegetables and fruits . . . . .	10	7	51	88	19	9	14	9	18
Grain products <sup>2</sup> . . . . .	26	20	1	1	40	19	23	17	31
Other food and beverages <sup>3</sup> . . . . .	24	1	12	5	2	4	17	6	8

<sup>1</sup> Nutritive value of food used by U. S. households, "Dietary Levels of Households in the United States, Spring 1965," HFCS Report 6, table 6.<sup>2</sup> Includes whole-grain, enriched and unenriched products.<sup>3</sup> Alcoholic beverages are included in this group.

- Stewed tomatoes are chosen instead of applesauce—a family favorite—for dinner, because labels show that tomatoes provide more vitamin A and vitamin C. The family's vitamin A and vitamin C allowance had already been met by orange juice at breakfast and raw carrots in packed lunches. If only foods that are the best sources of the nutrients shown on the labels are chosen, variety in meals may be severely and unnecessarily limited. Furthermore, the nutritional quality of meals may be jeopardized because certain foods that are important sources of nutrients not shown on the label may be eliminated from the diet.
- Sliced ham is selected for lunch instead of bean soup, which has a lower protein value and a lower price, for a family that always has a liberal serving of meat, poultry or fish for dinner. The budget suffers, yet the extra protein provided by selecting ham, rather than soup, may not be needed. Either the ham or the soup, along with other foods eaten, probably would provide the recommended amounts of protein for the day.
- A potpie is selected instead of a hearty vegetable beef soup, because it provides slightly more of some nutrients. The pie furnishes 400 calories; the soup 200. Depending on the adequacy of the rest of the day's food with regard to calories and nutrients, the soup may be the better choice. Its selection, instead of the potpie, would free 200 calories for foods that might provide nutrients needed.
- A fabricated food with liberal amounts of minerals and vitamins added is selected in place of a variety of conventional foods each with lower values. Such choices made on a regular basis may result in a diet that is short in certain nutrients not shown on labels (and some not yet identified by nutrition scientists) that are contained in conventional foods.
- Certain foods are avoided because they have no nutritive values on their labels. It is assumed they are not very nutritious and, therefore, should be excluded from meals and snacks. This is not necessarily true. Almost everyone will use some foods

to round out meals and to meet energy needs that will not show up well in relation to the U.S. RDA.

### Can the Economical Food Sources of a Nutrient Be Found by Using Label Information?

Yes, but not easily, and frequently for no useful purpose. The most economical source of a nutrient can be found by comparing the costs of the U.S. RDA for a nutrient from a number of foods.

For example, labels show these facts:

<u>Item</u>	<u>Servings per can</u>	<u>Price per can</u>	<u>Percent of U. S. RDA per serving for<sup>1</sup></u>	
			<u>Vita- min C</u>	<u>Vita- min A</u>
Citrus juice . . . . .	12	60¢	100	6
Fruit juice . . . . .	12	36¢	15	6
Tomato juice . . . . .	6	24¢	35	20

<sup>1</sup> See examples in table 2.

Divide the price by the servings per can to get the cost per serving:

Citrus, 5¢; fruit, 3¢; and tomato, 4¢.

Divide the cost per serving by the percent of U.S. RDA ÷ 100 to get the cost per U.S. RDA:

*Vitamin C:* Citrus  $5¢ \div (100 \div 100) = 5¢$ ; fruit  $3¢ \div (15 \div 100) = 20¢$ ; tomato  $4¢ \div (35 \div 100) = 11¢$ .

*Vitamin A:* Citrus  $5¢ \div (6 \div 100) = 83¢$ ; fruit  $3¢ \div (6 \div 100) = 50¢$ ; tomato  $4¢ \div (20 \div 100) = 20¢$ .

According to these calculations, citrus juice is the best buy in vitamin C, tomato juice the best buy in vitamin A, and fruit juice the least expensive per serving. If only these two nutrients are considered, which of the three is the economical selection? To answer this question, it is necessary to know what other foods are eaten and to what extent they provide allowances for vitamins A and C.

The economical selection would be:

*Fruit juice*, if other food selections provide the needed amounts of both vitamins A and C.

*Tomato juice*, if vitamin A is short by over 6 percent of the U.S. RDA.



*Citrus juice*, if vitamin C is short by more than 35 percent of the U.S. RDA, but fruit juice, if short by 15 percent or less.

This procedure is given to show how complicated such calculations might be for only three foods and two nutrients. Its use is not recommended for selecting food to meet the family budget. A simpler approach for the consumer is presented in USDA's Home and Garden Bulletin No. 183 (see reference below).

### **Where Can I Get Easy-To-Understand Information About Nutrients and What Foods Provide Them?**

Nutrition is a complex and developing science. Of course, it is not possible to cover the many aspects of the science in a single consumer publication or on food labels in supermarkets. However, a variety of tools—from simple food guides to detailed tables of nutritive values of foods and nutrient allowances—is available for the use of consumers in selecting a good diet. Some of these are presented in publications listed below. Tools to help the consumer use the food labeling approach to checking food choices will become available as the nutrition labeling program gets underway.

- **NUTRITION . . . FOOD AT WORK FOR YOU**, HG-1, Separate 1, tells how certain nutrients function in the body and lists foods that supply appreciable amounts of each of them. It also presents a simple food guide developed by nutrition scientists to help people select a nutritious diet.
- **NUTRITIVE VALUE OF FOODS**, HG-72, includes the values for food energy, 10 nutrients, and fatty acids for over 600 foods commonly used in the United States, and the Recommended Dietary Allowances for food energy and eight nutrients for all sex-age categories. This publication can be used by the consumer who wants to calculate the nutritive value of foods selected and to compare these values with the RDA for a person of his sex and age.
- **YOUR MONEY'S WORTH IN FOODS**, HG-183, presents information on planning and shopping for nutritious meals for consumers interested in economizing on food.

Single copies of these publications can be obtained free from the Office of Communication, U.S. Department of Agriculture, Washington, D.C. 20250.

## **USDA CLOTHING BUDGETS FOR CHILDREN ARE PUBLISHED**

Annual costs of USDA clothing budgets for children, in 1972 prices, were presented and discussed in the March 1973 issue of the **HOME ECONOMICS RESEARCH JOURNAL**. Costs for 179 budgets were computed for children in 7 sex-age groups and 10 region-urbanization groups at 3 cost levels—economy, low-cost, and moderate-cost. Reprints of the paper, "Clothing Budgets for Children from the USDA: Annual Costs at

Three Levels in Four Regions," by Dr. Virginia Britton of the Consumer and Food Economics Institute, are available from the Sales Office, American Home Economics Association, 2010 Massachusetts Ave. NW, Washington, D.C. 20036. Single copies are \$1. Remittance must accompany orders of \$10 and under. For 100 or more reprints, please write to AHEA for a quotation of quantity prices.



# FINANCIAL ASSETS: THE CHANGING FAMILY PORTFOLIO

by Nancy Rudd

A family's decision to save generally consists of two steps: first, a decision to withhold part of current income from current consumption; and second, a decision regarding the outlet or form in which this unspent income should be kept. The outlets available for family savings all differ considerably in their inflation proofness, liquidity, safety, and rate of return, and the choice of a savings outlet affects the family's financial outlook.

One broad group of savings outlets into which families may place unspent funds is that of financial assets, including checking and savings accounts, United States Series E savings bonds, and corporate bonds and shares (stocks). Checking and savings accounts and savings bonds are assets of fixed value; the money or dollar value of such assets equals the original amount allocated to them plus interest earned, if any. Fixed value assets generally lack inflation proofness, because the purchasing power of the dollars held in them decreases with increases in the cost of living. Corporate bonds and stocks are generally assets of fluctuating value; the amount of cash into which they can be converted varies according to market conditions and the price level. Such assets offer *potential* protection against inflation, because their dollar value may increase as the cost of living increases. In the case of corporate stocks, the dollar return (in the form of dividends) may increase as well. The potential inflation proofness of corporate bonds is considerably less than that of stocks. Prior to maturity the price of a bond may fluctuate and there is the possibility of selling it for more than the purchase price, but the dollar return of a corporate bond is fixed, and at maturity its dollar value equals its face value regardless of the previous market prices.

Checking accounts offer the greatest degree of liquidity—the ease with which saved funds can be converted to cash-in-hand. Funds in checking accounts are often obtained simply by writing a check at the point of need. Savings accounts and Series E bonds are less liquid than checking accounts. Funds from savings accounts are generally available by presenting a passbook to the institution that is holding the

funds. Series E bonds can be redeemed at a bank or other authorized institution. Corporate bonds and shares must be sold in the market through a broker at an undetermined price and are the least liquid of all financial assets.

Series E bonds and checking and savings accounts—especially those in institutions insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration—offer a high degree of safety for funds because the original dollar investment is unlikely to be lost, even though its purchasing power may decline. Corporate bonds and stocks are, by comparison, relatively risky forms of saving, although bonds are generally considered to be safer than stocks. However, the amount of risk associated with different bonds and stocks varies considerably and each must be carefully evaluated on its own merits.

Checking accounts seldom pay any return, and frequently carry a service fee. The rate of return paid on savings accounts varies among institutions and among different types of accounts, but at present is generally between 4 and 6 percent per annum. The current rate of return on new issues of Series E bonds is 5½ percent if the bonds are held to maturity (5 years 10 months). However, bonds redeemed at any time prior to maturity earn less than 5½ percent. The rate of return on corporate bonds and stocks varies widely with the possibility of higher returns than on other types of assets balanced by a higher risk of loss.

The choices of families<sup>1</sup> and the resulting distribution of financial assets among the various outlets has changed over the last 25 years. Estimates of the financial assets of households, personal trusts, and nonprofit organizations<sup>2</sup> indicate that amounts held in

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<sup>1</sup> The term "family" in this article is used in the popular sense. The data given in the text and table refer to households—a broader term which includes persons living alone and unrelated persons living together, as well as families (related persons living together).

<sup>2</sup> Board of Governors of the Federal Reserve System. Flow of Funds Accounts: Financial Assets and Liabilities Outstanding, 1945-1971. Estimates for households alone are not available.

savings accounts have increased as a proportion of the total while amounts held in checking accounts and savings bonds have decreased (see table).

Another notable shift in the composition of the financial portfolio of these population groups is the declining importance of U.S. savings bonds. (Figures include data on Series

*Financial assets held by households, personal trusts, and nonprofit organizations for selected years, 1946 to 1971*

Item	1946	1951	1956	1961	1966	1971
	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>
Total financial assets . . . . .	380.5	486.4	753.6	1,112.1	1,468.7	2,169.9
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Type of asset as a percent of total:						
Demand deposits and currency . . . . .	15.8	12.3	8.9	6.5	6.3	6.2
Savings accounts . . . . .	14.8	14.8	15.4	16.3	20.9	22.9
At commercial banks . . . . .	8.1	7.0	6.1	6.1	8.7	10.2
At savings institutions . . . . .	6.7	7.8	9.3	10.3	12.2	12.6
U. S. savings bonds . . . . .	11.6	10.1	6.7	4.2	3.4	2.5
Corporate and foreign bonds . . . . .	2.3	1.2	1.0	.9	.9	2.2
Corporate shares . . . . .	26.8	31.4	39.3	43.0	38.2	38.0
Investment company shares . . . . .	.3	.7	1.2	2.1	2.4	2.5
Other <sup>1</sup> . . . . .	28.4	29.5	27.7	26.9	27.9	25.8

<sup>1</sup> Includes U. S. Government securities other than savings bonds, State and local obligations, commercial paper, mortgages, life insurance and pension fund reserves, security credit, and miscellaneous assets.

Source: Board of Governors of the Federal Reserve System. Flow of Funds Accounts: Financial Assets and Liabilities Outstanding, 1945-1971.

In 1971, only a little over 6 percent of total financial assets were in the form of demand deposits and currency (roughly equivalent to checking accounts and cash) in contrast to nearly 16 percent in 1946. Savings accounts, on the other hand, accounted for nearly 23 percent of households' financial assets in 1971—up from 15 percent 25 years ago. Savings institutions, such as credit unions and savings and loan associations, have received a greater proportion of the additional funds going into savings accounts than have commercial banks, thus increasing funds available to such institutions for mortgage loans and other types of investment. Much of the increase of funds going into savings accounts has probably been drawn from holdings of demand deposits and currency, suggesting a decreasing willingness on the part of households to let excess funds sit idle.

H as well as Series E bonds.) This asset was a major outlet for savings during World War II, but over the years, purchases of new bonds have not been sufficient to balance the redemption of old bonds. Despite increases in the rate of return paid on these bonds, they are not competitive with other forms of savings that earn comparable rates of return because of the long period they must be held before paying the stated interest rate.

Corporate stocks consistently accounted for the largest proportion of total financial assets between 1946 and 1971. In 1971 they accounted for 38 percent of all assets—up from 27 percent in 1946. Because stocks fluctuate in value, it is difficult to determine to what extent changes in their share of all financial assets reflect changes in preferences, and to what extent the changes reflect rising and falling market values of existing stock.



Corporate and foreign bonds have remained a very small proportion of total financial assets, as have investment company shares such as mutual funds, although the latter have experienced some growth in importance.

Another broad group of savings outlets that deserves mention is that of tangible assets such as housing, land, automobiles, durable goods, and "collectibles" such as antiques, stamps, coins, jewelry, and art objects. These are all assets of fluctuating value, but for automobiles

and durable goods, the fluctuation is nearly always downward unless the item survives long enough to become an antique. The market value of tangible assets and, for rental property, the return, depends largely on supply and demand, and these assets, therefore, carry various degrees of risk. Unfortunately, it is not possible to examine trends in holdings of tangible assets because no data comparable to those presented for financial assets are available.

## FACTORS TO CONSIDER IN SELECTING A SAVINGS ACCOUNT

by Nancy Rudd

Savings accounts have been steadily increasing in popularity as an outlet for savings since World War II. The proportion of financial assets of households, personal trusts, and nonprofit organizations held in such accounts increased from 15 percent in 1946 to 23 percent in 1971.<sup>1</sup> About three-fourths of this increase was in accounts in savings institutions (such as savings and loan associations and credit unions), and about one-fourth was in accounts in commercial banks. Banks and savings institutions whose deposits are insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration are subject to ceilings on the maximum interest rates that they can pay on savings accounts. The apparent preference for accounts in savings institutions may be due to the fact that they are allowed to pay higher interest rates than are commercial banks.

Savings accounts, often called passbook accounts, offer the advantages of safety, liquidity, and convenience. Most savings accounts are insured for up to \$20,000 by one of the institutions mentioned above, and therefore offer considerable safety for funds. Although financial institutions can legally require advance notice before withdrawals from savings accounts can be made, such notice is rarely required. Consequently, funds in

savings accounts are very liquid—readily converted to cash.<sup>2</sup> Savings accounts are convenient and do not require the time and effort frequently needed to manage some other kinds of assets. Savings accounts, however, differ considerably with regard to the return paid on them and the saver who wishes the greatest possible return should plan to spend some time and care in selecting a savings institution.

There are three main variables in the calculation of interest on such accounts: The interest rate; the frequency of computing and compounding interest; and the bookkeeping method. The interest rate is stated as a per annum rate such as 5 percent per annum. Interest is generally computed quarterly or semiannually, although more frequent computing (monthly, daily, and even "continuously") is becoming more common. In computing interest, an appropriate fraction of the per annum rate is used. For example, a 5 percent per annum rate would actually be 1.25 percent quarterly or 2.5 percent semiannually. Interest may be computed more frequently than it is compounded (actually added to an account so that it begins earning interest itself). The frequency with which interest is computed determines the length of the interest period. The bookkeeping method determines what

<sup>1</sup> Board of Governors of the Federal Reserve System. *Flow of Funds Accounts: Financial Assets and Liabilities Outstanding, 1945-1971*. Estimates for households alone are not available.

<sup>2</sup> There are several kinds of special accounts available that pay a higher rate of return in exchange for the saver's agreement not to withdraw his money for a specified period of time. Notice of withdrawal may be required for these accounts.

portion of the funds in the savings account is eligible to earn interest.

The interest rate and the bookkeeping method are the most important variables in determining the amount of interest earned. Interest rates are easy to compare among various institutions. However, the bookkeeping method is more difficult. Understanding the basic methods used by savings institutions and shopping for the most favorable method available may make a considerable difference in the interest earned, especially on accounts with frequent deposits and withdrawals.

The five basic bookkeeping methods are described below, and the amount of interest earned by the illustrated hypothetical passbook account is indicated for each of the methods.

Passbook savings account<sup>1</sup>

<u>Date</u>	<u>With- drawals</u>	<u>Deposits</u>	<u>Balance</u>
Jan. 1			\$ 500
Mar. 1		\$500	1,000
May 1		500	1,500
June 30	\$500		1,000
July 1			1,000

<sup>1</sup> The account earns 5 percent per annum computed and compounded January 1 and July 1.

### Method I: Low Balance or Highest Continuous Balance

Interest is paid only on funds that are in the account for the entire interest period. In this example the highest continuous balance is \$500 for the 6-month period, and interest is paid only on this amount. No interest is paid on the deposits of March 1 and May 1. The *total interest earned is \$12.50*.

### Method II: First In, First Out, Beginning Balance

Interest is paid on the number of whole months that money is in the account. Withdrawals during the 6-month period are subtracted from the beginning balance and then from subsequent deposits. In this example, the June 30 withdrawal is subtracted from the January 1 balance, and no interest is paid on that amount. Interest is paid on the

March 1 deposit for 4 months (\$8.33) and on the May 1 deposit for 2 months (\$4.17). *Total interest earned is \$12.50*.

### Method III: First In, First Out, First Deposit

Interest is paid on the number of whole months that money is in the account. With this method, withdrawals are subtracted from the first deposit rather than from the beginning balance, and then from subsequent deposits. The June 30 withdrawal is subtracted from the March 1 deposit, and interest is paid on the beginning balance for 6 months (\$12.50) and on the May 1 deposit for 2 months (\$4.17). *Total interest earned is \$16.67*. Had there been no deposits, the withdrawal would have been subtracted from the beginning balance.

### Method IV: Last In, First Out

As in methods II and III, interest is paid on the number of whole months that money is in the account. With this method, withdrawals are subtracted from the most recent deposit and then from consecutively earlier deposits. The June 30 withdrawal is subtracted from the May 1 deposit and interest is paid on the beginning balance for 6 months (\$12.50) and on the March 1 deposit for 4 months (\$8.33). *Total interest earned is \$20.84*.

### Method V: Day of Deposit to Day of Withdrawal

Interest is computed daily (rather than semiannually) on whatever funds are in the account. In the example the June 30 withdrawal results in the loss of only 1-day's interest on \$500—about 7 cents. *Total interest earned is \$24.93*.

Most institutions that use methods I, II, III, and IV have a grace period during which deposits can be made and assumed to be in the account for the entire period (unless later withdrawn). In method I, the grace period occurs at the beginning of the interest period; in methods II, III, and IV, the grace period occurs at the beginning of each month. Funds deposited after the grace days do not begin earning interest until the following interest period or month.



With no deposits or withdrawals during the 6-month period, the interest earned on the account balance would be the same regardless of the bookkeeping method used. With deposits and withdrawals the advantageousness of the various methods increases, moving from method I to method V, with method I—highest continuous balance—offering the lowest possible return and method V—day of deposit to day of withdrawal—the highest.

Although the rate of interest and bookkeeping method are most important in determining the return paid on a savings account, several other factors can also make a difference in an account's earnings. The longer the grace period and the shorter the interest period, the greater the saver's freedom to make withdrawals and deposits without losing interest. In this example, interest was computed semiannually. If it had been computed quarterly, the funds in the account prior to April 1 would not have been affected by the June 30 withdrawal. The \$500 beginning balance would have earned 3 months' interest regardless of the bookkeeping method used, and the March 1 deposit would have earned 1 month's interest if methods II,

III, IV, or V were used. Greater frequency of compounding speeds up the rate at which funds in an account grow, but does not generally make a remarkable difference in the earnings unless very large sums of money are involved.

Many banks and savings institutions advertise their interest rate and the frequency with which they compute and compound interest. However, few institutions advertise their bookkeeping method. Generally, this information can be obtained from an institution, but the saver must be both persistent and knowledgeable because personnel at such institutions often do not know or cannot describe the bookkeeping method used.

The favorableness of the terms on savings accounts offered to savers depends a great deal on the competitiveness of financial institutions in a given community. Since this competition tends to be greater in metropolitan areas, the rural dweller may want to investigate savings institutions in metropolitan areas, if possible. Clearly, it pays to "shop" for a savings account.

## THE OLDER POPULATION

Interest in how older people fare has intensified in recent years partly because of their rapidly growing numbers. The number of people 65 and over is rising about 3 to 4 million every decade or roughly 300,000 to 400,000 per year. In 1970 there were over 20 million in this group.

As a proportion of the total population, the group has more than doubled during this century—from 4.1 percent in 1900 to 9.8 percent in 1970. The older population itself is aging; that is, the proportion 65 to 69 is getting smaller, while the proportion 75 and over is getting larger. The trend is expected to continue at least to the end of the century.

States with large proportions of older people are generally those that have experienced heavy out-migration, typically of the young. This is true for much of the midwestern farm belt, as well as some States in other sections of the country, such as Maine and Arkansas. Other

States with high proportions of older people are those where the elderly migrate to retire, usually areas of favorable climate such as Florida and Arizona. The States with low proportions of older people are mainly in the South and West, in areas with high birth rates or heavy in-migration of younger persons.

Only a small proportion of the elderly (less than 5 percent) live in institutions. Nearly 80 percent of the men and 58 percent of the women 65 and over were members of families in 1971. These proportions are lower than a decade ago, however, reflecting a decrease in the proportion who were living with relatives other than their spouses. Correspondingly, there has been an increase in the proportion of one-person households in this age group.

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Source: U.S. Department of Commerce, Bureau of the Census, CURRENT POPULATION REPORTS, "Some Demographic Aspects of Aging in the United States." Series P-23, No. 43. February 1973.

## SOCIAL SECURITY AMENDMENTS OF 1972

In October 1972, the President signed into law the Social Security Amendments of 1972. These are in addition to the July 1972 amendments that increased monthly cash benefits (see FER, March 1973).

These amendments made substantial changes in the eligibility requirements for social security beneficiaries. Because of space limitations, FAMILY ECONOMICS REVIEW has not been able to cover all of the provisions as adequately or as fully as we would have liked. Readers who work with social security beneficiaries and who wish more information should see the March 1973 issue of the SOCIAL SECURITY BULLETIN.

The most significant and far-reaching provisions of the 1972 amendments are highlighted below:

- Higher benefits for most aged widows and widowers who are eligible for benefits.
- For men reaching age 62 in the future, repeal of the provisions under which a man the same age and with the same earnings as a woman generally got a lower benefit than the woman worker, and under which men needed more social security credits than women to qualify for retirement benefits. (The change will be accomplished over a 3-year period beginning in 1973.)
- Changes in the retirement test to assure that the more a beneficiary works and earns, the more spendable income (social security benefits plus earnings after taxes) he will have, and to raise from \$1,680 to \$2,100 the annual amount of exempt earnings, with future automatic adjustments to keep pace with increases in earning levels.
- A special minimum benefit for those who have worked in covered employment and who have had low earnings for many years.
- Higher benefits for workers who do not get social security retirement benefits before age 65, but who continue to work past that age.
- Improvements in disability insurance protection, including a reduction in the waiting period for benefits, and an extension of childhood disability benefits to persons disabled between ages 18 and 22. Also, improved protection for a worker's dependents and survivors.
- Extension of Medicare protection to disability insurance beneficiaries who have been on the social security disability benefit rolls for at least 2 years.
- Extension of Medicare protection to persons under age 65 (those getting monthly social security benefits, those not getting benefits who have worked in covered employment long enough to be insured, and the wives or husbands and children of such persons) who need hemodialysis treatment for chronic kidney disease or who require a kidney transplant.
- Changes in the Medicare program to improve its operating effectiveness.
- Creation of a new Federal supplemental security income program, effective January 1974, for the needy aged, blind, and disabled. Administered by the Social Security Administration, but financed out of general revenues of the Federal Government, this program will replace the present Federal-State programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled. Federal payments under this program will assure minimum income levels; States may supplement the Federal payments to maintain existing payment levels where these are higher.

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Source: Ball, Robert M., "Social Security Amendments of 1972: Summary and Legislative History," SOCIAL SECURITY BULLETIN, March 1973, pp. 3-25.



## COMPUTER PROGRAM—BUDGETING FOR RETIREMENT

“Budgeting for Retirement,” a computer program developed by the Consumer and Food Economics Institute, is now available to Extension workers, teachers, and other professionals who have access to a remote computer terminal. These terminals are now available in many State and county extension offices and in public schools. The purpose of the program is to help professional workers counsel families who are planning for retirement, by providing research data in a problem-solving context. In addition, realistic case studies can be developed for use in teaching.

To use the program, a person sits down at a remote computer terminal and enters data about a family—including anticipated income and a spending plan. Research data stored in the computer help the user to evaluate the plan under various conditions, such as high inflation

rates, financial catastrophe, loss of a family member, or early retirement. The program is interactive—the person using the program enters data and responds to questions from the computer.

The program is available from the Computerized Management Network (CMN). Information about costs and procedures for using the program on CMN may be obtained from Harold Walker, project director, Computerized Management Network, Cooperative Extension Service, Department of Agricultural Economics, Virginia Polytechnic Institute and State University, Blacksburg, Va. 24061.

Information on program content may be obtained from Lucile F. Mork, Consumer and Food Economics Institute, Agricultural Research Service, U.S. Department of Agriculture, Hyattsville, Md. 20782.

## SOME NEW USDA PUBLICATIONS

(Please give your ZIP code in your return address when you order these.)

The following are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402:

- SHADE TREES FOR THE HOME. AH 425. January 1973. 75 cents.
- SIMPLE PLUMBING REPAIRS FOR THE HOME AND FARMSTEAD. F 2202. February 1973. 15 cents.
- THE MARKET FOR FOOD CONSUMED AWAY FROM HOME: DOLLAR VALUE STATISTICS. SB 491. September 1972. \$1.00.

Single copies of the following are available free from the U.S. Department of Agriculture, Washington, D.C. 20250. Please address your request to the office indicated.

From Office of Communication:

- LOW-INCOME HOUSES . . . 2 OR 4 BEDROOMS, FRAME CONSTRUCTION, PLAN NO. 7189. M 1253. December 1972.

From Information Division, Food and Nutrition Service:

- PUBLICATIONS OF THE FOOD AND NUTRITION SERVICE. FNS 11. January 1973.

# POTASSIUM IN COMMON FOODS

by Elizabeth W. Murphy and Ann P. Mangubat

Potassium, one of the mineral elements required by humans, is among the most plentiful minerals in the body. A person who weighs 154 pounds has about 9 ounces of potassium in his body. Potassium, and the related mineral sodium, are needed to keep a normal balance of water between the cells and body fluids. Potassium plays an essential role in the response of nerves to stimulation and in the contraction of muscles. This important mineral is also needed for proper functioning of cellular enzymes.

Potassium is widely distributed in foods. The usual daily intake in the United States is from 2 to 6 grams (2,000 to 6,000 milligrams), enough to meet normal needs. The potassium content of foods can be of concern, however, if the physician prescribes a low- or high-potassium diet.

Nutritionists and Extension workers may be in contact with persons who need information on the potassium content of foods. The table on p. 23 lists some common foods in three groups—those supplying 300 milligrams (mg) or more of potassium per common household

measure, those supplying 100 to 300 mg per measure, and those supplying less than 100 mg per measure. As the table shows, meats, dry legumes, vegetables, and fruits are generally higher in potassium than are grain products and many dairy products.

Some types of processing can result in removing of considerable amounts of potassium. For example, a cup of whole wheat flour contains more than 400 mg of potassium; a cup of all-purpose flour about 100 mg. Brown sugar, containing about 750 mg of potassium per cup, is a far richer source than white sugar, with 6 mg per cup.

Some foods usually used only in small quantities are among the richest sources of potassium. Dry milk, soy flour, dark molasses, dry brewer's yeast, cocoa powder, and many spices contain more than 1,000 mg of potassium in 100 grams (approximately 3½ ounces by weight) of the product.

Coffee and tea are low in potassium, containing less than 100 mg per cup of beverage.



# HOUSEHOLD MEASURES OF FOOD AS SOURCES OF POTASSIUM

Food group	Potassium per household measure		
	300 mg and more	100 - 300 mg	Less than 100 mg
Dairy products and eggs	milk, whole, ½ pt milk, nonfat dry, ¼ cup	ice cream, 8 fl oz	egg, whole, one cottage cheese, ½ cup 1-in cube butter, 1 tbsp
Meat, Fish, Poultry (3 oz cooked, unless otherwise stated)	beef veal pork, fresh, roasted beef liver chicken, light meat salmon, pink, canned	frankfurter, one tuna, canned-in-oil chicken, dark meat ham, cured whitefish	
Vegetables and legumes (½ cup unless otherwise stated)	dry beans, cooked <sup>1</sup> soy flour, defatted <sup>1</sup> peanut butter, 3 tbsp potato, one, baked or boiled winter squash, cooked sweetpotato, one medium, cooked	lentils, cooked cauliflower, cooked broccoli, cooked brussels sprouts, cooked spinach, cooked kale, cooked carrots, cooked tomato, ½ raw	
Fruits and fruit juices (½ cup unless otherwise stated)	banana, one medium avocado, ½ medium <sup>1</sup> cantaloupe, ½ medium watermelon, wedge, 4 X 8 in raisins, ¼ cup dried prunes, cooked or uncooked dried apricots, cooked or uncooked <sup>1</sup> dried peaches, cooked or uncooked <sup>1</sup> dried figs, 4 large dried dates prune juice	grapefruit, ½ medium apple, raw, one medium orange, navel, one medium peach, raw, one medium pear, raw, one medium strawberries, raw Citrus juice, canned or frozen tomato juice, canned pineapple juice, canned or frozen	lemonade, limeade from frozen concentrate
Grain products (½ cup unless otherwise stated)		pie, apple, 1/7 of 9-in pie	bread, one slice corn flakes, 2 oz oatmeal, cooked farina, cooked rice, white, cooked macaroni, spaghetti, or noodles, cooked grits, cooked pancakes, 2-3 doughnut, cake-type, one cupcake, plain, one cookies, plain, 5-6
Other foods	molasses, dark, 2 tbsp. yeast, brewer's 2 tbsp	cocoa, 2 tbsp	sugar, 1 tbsp honey, 1 tbsp salad oil, 1 tbsp sherbet, 1 cup

<sup>1</sup> More than 500 mg. potassium per common household measure.

Sources: U. S. Department of Agriculture, Agricultural Research Service, *Composition of Foods*, U. S. Dept. Agr. Handbk. No. 8. Revised December 1963. For sale for \$2 from Supt. of Doc., U. S. Govt. Print. Off., Washington, D.C. 20402. Also unpublished data from Consumer and Food Economics Institute.

## FRESH BEEF ADS AND PRODUCT NAMES

Newspaper ads for weekend beef specials may mean confusion rather than helpful information for the shopper trying to plan menus and make store-to-store price comparisons. USDA's Economic Research Service studied ads of two or three retail food chains in eight U.S. cities<sup>1</sup> from May 1971 to April 1972. During the year, not one name for steaks or roasts—even such widely recognized ones as sirloin steak and chuck roast—was listed the same way by all chains. Even within the same chain, names varied considerably. In the 931 ads studied, there were 457 variations in the names listed for fresh beef cuts—212 for steaks, 151 for roasts, and 94 for other fresh beef items.

Primal source, or what part of the beef the cut is from, is important information for the shopper. It provides clues on flavor, tenderness, and cooking method. A large share of items advertised did indicate primal source, often because it was part of the item's name, such as chuck, rib, and round steak. At other times, it was shown in parentheses following the item's name—as “california steak (chuck).”

Confusion resulted, however, from using the same name for items from different primal

cuts. Swiss steak, for example, was sometimes listed without a primal source and at other times as coming from the arm, shoulder, round, and bottom round. Similarly, the primal source of london broil was listed as chuck, shoulder, and swiss round. According to some authorities, london broil is not a cut, but a method of preparing flank steak; yet, none of the descriptions indicated flank as a source. “Fanciful” cuts, often with no indication of primal source, were often advertised. Names for roasts included “pikes peak,” “heart of round,” “face rump,” and “swiss steak” (round); names for steaks included “chicken,” “manhattan,” and “family.”

Many ads failed to indicate whether items were bone-in or boneless. This omission makes it difficult for the shopper to determine the possible number of servings per pound and, therefore, the cost per serving.

Some consumer representatives have noted the need for more restraint in naming meat cuts. Thus far, two States—Massachusetts and New York—have adopted regulations on meat labeling.

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Source: Witten, Rita B., “Fresh Beef Ads and Product Names,” *MARKETING AND TRANSPORTATION SITUATION*. U.S. Dept. Agr., Econ. Res. Ser., November 1972.

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<sup>1</sup> Boston, New York, Washington, Atlanta, Little Rock, Cincinnati, St. Louis, and San Francisco.

## NEW CONSUMER PRICE INDEXES

### BY SIZE OF CITY

The Bureau of Labor Statistics has developed a new set of indexes that measure price change in urban areas grouped by size of population. They will be published four times a year—March, June, September, and December. As with indexes for individual cities, the

indexes for urban areas classified by size of population cannot be used to determine differences in price levels or living costs at a point in time. They indicate only that in one group prices have changed more, less, or the same as in another.

*Consumer Price Index, U. S. average and areas grouped by size of population, 1972*

(1967=100)

Population group <sup>1</sup>	All items	Food	Housing	Apparel and upkeep	Transportation	Health and recreation
United States . . . . .	125.3	123.5	129.2	122.3	119.9	126.1
3.5 million or more . . . . .	127.5	125.6	131.4	121.3	125.5	128.2
1.4 million to 3.5 million . . . . .	125.5	123.2	128.9	123.3	121.1	126.4
250 thousand to 1.4 million . . . . .	124.7	122.7	128.9	123.0	117.4	125.9
50 thousand to 250 thousand . . . . .	123.9	122.3	127.7	123.0	116.4	125.2
2.5 thousand to 50 thousand . . . . .	122.9	122.0	126.5	121.8	116.1	123.3

<sup>1</sup> Based on 1960 Census of Population.

## REVISED PRICE INDEX OF NEW HOMES

The price index of new one-family homes—measuring changes in the sales prices of houses that are the same in eight characteristics—has been revised to reflect the proportional distribution of houses sold in 1967 rather than those sold in 1964 and 1965. The revised index also reflects some changes in the statistical and editing procedures.

The revised annual data for the United States and four regions for the period 1967 through 1972 are as follows:

Year	United States	North-east	North Central	South	West
1967 ..	100.0	100.0	100.0	100.0	100.0
1968 ..	105.1	108.2	105.7	104.0	103.4
1969 ..	113.6	117.7	115.7	111.4	111.6
1970 ..	117.4	124.1	116.2	116.7	114.9
1971 ..	123.2	134.4	119.8	124.6	117.4
1972 ..	131.0	143.8	126.6	131.1	125.5

Source: U.S. Department of Commerce, Bureau of the Census, NEWS, January 10, 1973 and April 6, 1973.



# CONSUMER PRICES

*Consumer Price Index for Urban Wage Earners and Clerical Workers*

(1967=100)

Group	April 1973	March 1973	Feb. 1973	April 1972
All items . . . . .	130.7	129.8	128.6	124.3
Food . . . . .	136.5	134.5	131.1	122.4
Food at home . . . . .	136.4	134.2	130.1	120.4
Food away from home . . . . .	137.0	135.7	134.7	130.0
Housing . . . . .	132.8	132.3	132.0	128.2
Shelter . . . . .	138.1	137.7	137.3	133.0
Rent . . . . .	123.0	122.6	122.1	118.1
Homeownership . . . . .	143.6	143.2	142.9	138.5
Fuel and utilities . . . . .	125.1	124.6	124.1	119.9
Fuel oil and coal . . . . .	128.3	127.8	127.2	118.6
Gas and electricity . . . . .	125.5	125.0	124.5	120.2
Household furnishings and operations . . . . .	123.6	123.0	122.6	120.5
Apparel and upkeep . . . . .	125.8	124.8	123.6	121.8
Men's and boys' . . . . .	125.9	124.6	123.3	121.9
Women's and girls' . . . . .	126.0	125.1	123.3	122.3
Footwear . . . . .	129.7	128.7	127.6	124.1
Transportation . . . . .	122.6	121.5	121.1	118.6
Private . . . . .	120.3	119.1	118.7	116.1
Public . . . . .	143.9	144.5	144.3	142.7
Health and recreation . . . . .	129.2	128.6	128.1	125.5
Medical care . . . . .	136.2	135.8	135.3	131.7
Personal care . . . . .	123.8	123.1	122.4	119.1
Reading and recreation . . . . .	125.2	124.5	124.3	122.3
Other goods and services . . . . .	128.2	127.6	127.1	125.1

Source: U. S. Department of Labor, Bureau of Labor Statistics.

*Index of Prices Paid by Farmers for Family Living Items*

(1967=100)

Item	May 1973	April 1973	March 1973	Feb. 1973	Jan. 1973	Dec. 1972	May 1972
All items . . . . .	136	134	132	131	129	127	124
Food and tobacco . . . . .	---	---	131	---	---	123	---
Clothing . . . . .	---	---	141	---	---	138	---
Household operation . . . . .	---	---	125	---	---	122	---
Household furnishings . . . . .	---	---	122	---	---	120	---
Building materials, house . . . . .	---	---	148	---	---	140	---

Source: U. S. Department of Agriculture, Statistical Reporting Service.

# COST OF FOOD AT HOME

*Cost of Food at Home<sup>1</sup> Estimated for Food Plans at Three Cost Levels,  
April 1973, U. S. Average*

Sex-age groups <sup>2</sup>	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate cost plan	Liberal plan
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
<b>FAMILIES</b>						
Family of 2:						
20 to 35 years <sup>3</sup> .....	21.90	28.00	34.40	94.70	121.80	149.30
55 to 75 years <sup>3</sup> .....	17.90	23.50	28.30	77.40	102.10	122.20
Family of 4:						
Preschool children <sup>4</sup> .....	31.70	40.60	49.30	136.90	175.90	214.00
School children <sup>5</sup> .....	36.70	47.30	58.10	158.80	205.20	251.80
<b>INDIVIDUALS<sup>6</sup></b>						
Children, under 1 year .....	4.20	5.30	5.90	18.10	22.80	25.40
1 to 3 years .....	5.40	6.80	8.10	23.20	29.40	35.30
3 to 6 years .....	6.40	8.30	9.90	27.60	35.80	43.00
6 to 9 years .....	7.80	10.00	12.50	33.60	43.40	54.40
Girls, 9 to 12 years .....	8.80	11.60	13.50	38.20	50.20	58.70
12 to 15 years .....	9.70	12.80	15.50	41.90	55.40	67.40
15 to 20 years .....	9.90	12.70	15.20	43.00	55.10	65.70
Boys, 9 to 12 years .....	9.00	11.80	14.30	39.10	51.10	61.70
12 to 15 years .....	10.50	14.00	16.70	45.40	60.80	72.40
15 to 20 years .....	12.20	15.60	18.90	52.80	67.70	81.80
Women, 20 to 35 years .....	9.30	11.90	14.30	40.10	51.60	62.00
35 to 55 years .....	8.90	11.50	13.80	38.50	49.80	59.90
55 to 75 years .....	7.50	9.90	11.80	32.40	42.90	51.00
75 years and over .....	6.80	8.70	10.70	29.40	37.90	46.50
Pregnant .....	11.00	13.90	16.40	47.50	60.10	71.00
Nursing .....	12.60	15.80	18.40	54.50	68.50	79.90
Men, 20-35 years .....	10.60	13.60	17.00	46.00	59.10	73.70
35 to 55 years .....	9.90	12.70	15.50	42.70	55.00	67.10
55 to 75 years .....	8.80	11.50	13.90	38.00	49.90	60.10
75 years and over .....	8.20	11.10	13.40	35.50	48.20	58.00

<sup>1</sup> These estimates were computed from quantities in food plans published in *Family Economics Review*, October 1964. The costs of the food plans were first estimated by using the average price per pound of each food group paid by urban survey families at three selected income levels in 1965. These prices were adjusted to current levels by use of Retail Food Prices by Cities released periodically by the Bureau of Labor Statistics.

<sup>2</sup> Age groups include the persons of the first age listed up to but not including those of the second age listed.

<sup>3</sup> Ten percent added for family size adjustment.

<sup>4</sup> Man and woman, 20-35 years; children, 1-3 and 3-6 years.

<sup>5</sup> Man and woman, 20-35; child, 6-9 and boy 9-12 years.

<sup>6</sup> The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5-person--subtract 5 percent; 6-or-more-person--subtract 10 percent.

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